

BIMSTEC

PROSPECTS FOR RECONNECTING THE BAY OF BENGAL



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BIMSTEC at 20: Priorities and Prospects

24 September 2018

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BIMSTEC: Prospects for Reconnecting the Bay of Bengal

Institute of South Asian Studies
Consortium of South Asian Think-Tanks
Konrad-Adenauer-Stiftung

September 2019

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Special Report Issue No. 3



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Executive Summary

Regional integration and connectivity initiatives in Asia have received a boost from the noticeable spike in interest on the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC). The BIMSTEC has moved at an exceptionally sluggish pace for more than a decade after its initial formation in 1997.

Over the last few years, however, the BIMSTEC has captured considerable attention. Much of the attention is on account of the government of Prime Minister Narendra Modi in India focusing prominently on the BIMSTEC as key parts of its 'Neighbourhood First' and 'Act East' policies, envisioned through India's more meaningful engagement with not only neighbouring South and Southeast Asia, but also the rest of the Asia-Pacific. As the largest economy in the BIMSTEC, India's role is vital in expanding its scope and realising its prospects.

The strategic importance devoted by India to the BIMSTEC is evident from the invitation to the Heads of States of the BIMSTEC member countries to attend the swearing-in ceremony of Prime Minister Modi as he assumed his second term in office on 30 May 2019.¹ The invitation to the BIMSTEC also sparked speculation over whether, from an Indian strategic perspective, greater engagement with the BIMSTEC meant a commensurate disengagement with the South Asian Association for Regional Cooperation (SAARC).² India's disappointment with SAARC as a regional forum, as opposed to the brighter prospects it visualises from the BIMSTEC, has been evident from the Indian External Affairs Minister Dr S Jaishankar's emphasis on the 'energy' in the BIMSTEC vis-à-vis the 'problems' in the SAARC.³

1 'BIMSTEC Heads Invited to PM's swearing-in', *The Hindu* (27 May 2019), <https://www.thehindu.com/news/national/bimstec-sco-heads-invited-to-swearing-in/article27266605.ece>. Accessed on 30 May 2019.

2 'India's invitation to BIMSTEC Leaders for Modi's Swearing-In sparks debate over future of SAARC', *The Straits Times* (30 May 2019), <https://www.straitstimes.com/asia/south-asia/indias-invitation-to-bimstec-leaders-for-modis-swearing-in-sparks-debate-over-future>. Accessed on 30 May 2019.

3 'Jaishankar sees BIMSTEC as a key platform for boosting regional links', *Livemint* (6 June 2019) <https://www.livemint.com/news/india/jaishankar-sees-bimstec-as-a-key-platform-for-boosting-regional-links-1559844997246.html>. Accessed on 6 June 2019.

Given the Indian attention, as well as that from the region, on the BIMSTEC, which is contributed in no small measure by the burst in regional connectivity across Asia, this Special Report studies the BIMSTEC and its key priorities. Discussing the BIMSTEC's progress as an organisation and its work areas, the paper reflects on the importance of connectivity for the BIMSTEC as it works hard to step up intra-regional transport linkages through land, sea and cyberspace. This report underlines the importance of the BIMSTEC establishing its long-term credibility with local populations and communities for successful maturing, as well as the benefits it can obtain by locking onto ongoing regional connectivity projects, and the implementation of 'best practices' in the areas of trade facilitation. Its key challenge is to overcome its sluggish pace of progress, which again, can be addressed, if it adopts the successful cooperative practices that some members have already put in place, like India and Bangladesh within the Bangladesh-Bhutan-India-Nepal (BBIN) sub-regional grouping. Successful cooperative frameworks like the understanding reached on intra-regional grid connection enabling trade in electricity can enable members to achieve substantial long-term benefits and establish an inclusive model of regional cooperation. While India will continue to be prominent in the BIMSTEC by its sheer size, its commitment to the region as a development partner will reduce misgivings about its role.

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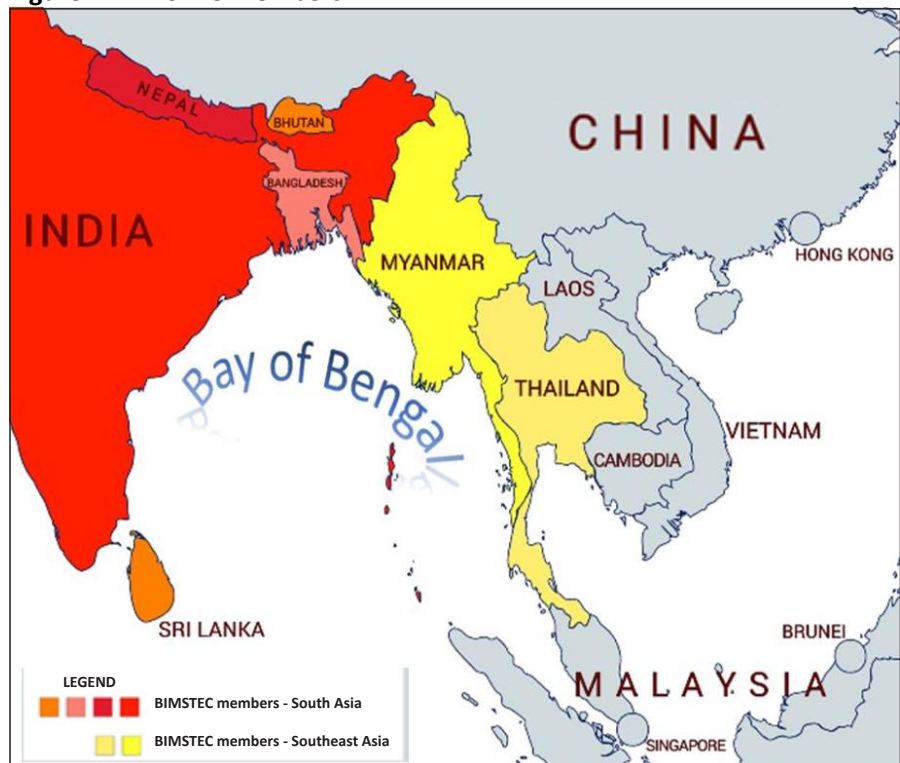
This report has been drawn from the discussions and views presented at 'BIMSTEC at 20: Priorities and Prospects' – a workshop organised jointly by ISAS with the Consortium of South Asia Think-Tanks and the Konrad-Adenauer-Stiftung – in Singapore on 24 September 2018. Ambassador M Shahidul Islam, Secretary-General of the BIMSTEC, delivered the keynote address at the workshop, and Ambassador Ong Keng Yong, Executive Deputy Chairman of the S. Rajaratnam School of International Studies at the Nanyang Technological University, Singapore, delivered a special address. The workshop was attended by delegates from all BIMSTEC member countries.

Introduction

While described as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation now, it initially came into being as the Bangladesh, India, Sri Lanka, and Thailand-Economic Cooperation (BIST-EC) in 1997, as the first attempt to “build a bridge linking South and Southeast Asia”.

The BIMSTEC currently comprises Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand (Figure 1). While described as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation now, it initially came into being as the Bangladesh, India, Sri Lanka, and Thailand-Economic Cooperation (BIST-EC) in 1997, as the first attempt to “build a bridge linking South and Southeast Asia”.⁴ By 2004, the grouping included Myanmar, Bhutan and Nepal. The cross-regional grouping between South and Southeast Asia follows another identical initiative between the two regions, the Mekong-Ganga Cooperation (MGC), established in November 2000.⁵ It is noticeable that, in both the BIMSTEC, and its predecessor, the MGC, India is the largest member; and both include Myanmar and Thailand, in addition to India as the common members. However, the

Figure 1: BIMSTEC Members



Source: Created with mapchart.net by Silvia Tieri

4 'Lanka in BISTEC: new link to SE Asia', *Sunday Times* (8 June 1997), www.sundaytimes.lk/970608/news5.html.

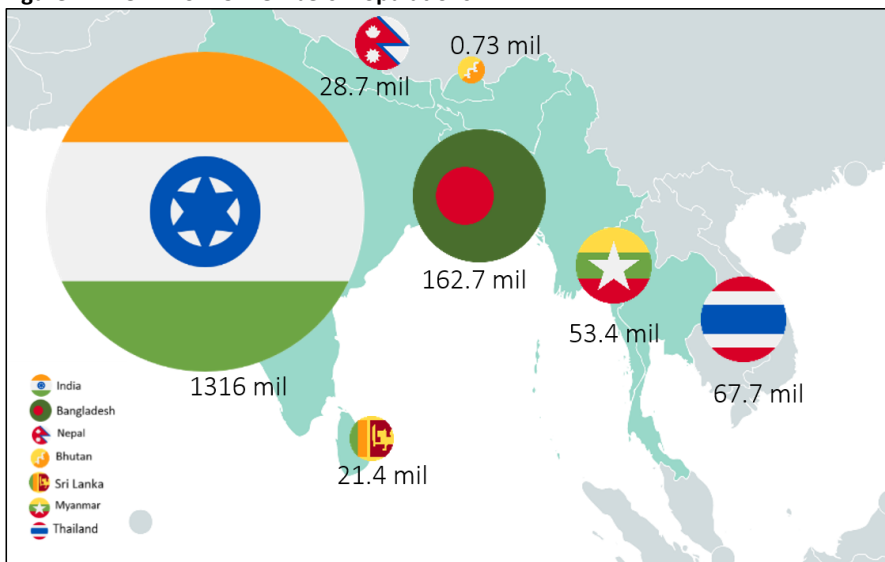
5 The Mekong-Ganga Cooperation comprises India, Cambodia, Lao PDR, Myanmar, Thailand and Vietnam.

composition of the membership clearly indicates that there is much more of 'South Asia' in the BIMSTEC, in contrast to MGC. Indeed, by including Nepal and Bhutan, the BIMSTEC has moved into Himalayan South Asia, well above its geographical identity centred around the Bay of Bengal and its rim.

With a total population of almost 1.7 billion, the BIMSTEC is a heavily populated grouping (Figure 2). India, though, markedly dominates the grouping in size, not just in population, but also in the share of the market, by accounting for nearly US\$3 trillion (S\$4.17 trillion) of the grouping's combined economic size of around US\$3.5 trillion (S\$4.84 trillion).⁶ Thailand and Bangladesh are the next largest economies, in terms of population and market size. Economic complementarities between the countries are sizeable, as they differ in the degree of economic development, structure and endowment of natural and human resources. Geography also provides the countries and the group with vital commercial possibilities. However, notwithstanding the potential for realising large economic benefits, regional interconnectedness and geopolitical stability, the popular perception is that the BIMSTEC's achievements have been less than satisfactory.

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Figure 2: The BIMSTEC Members' Populations



Source: Created with mapchart.net by Silvia Tieri based on data from Asian Development Bank, Key Indicators 2018

6 As reported by World Bank and UNCTAD. See: Amitendu Palit, Rahul Choudhury and Silvia Tieri, 'BIMSTEC: Relevance and Challenges', *Institute of South Asian Studies*, Insights No. 519 (10 October 2018) <https://www.isas.nus.edu.sg/wp-content/uploads/2018/10/ISAS-Insights-No.-519-BIMSTEC-Relevance-and-Challenges.pdf>

Is the BIMSTEC an Under-achiever?

Most importantly, however, the BIMSTEC has imbibed critical characteristics underpinning its structural evolution as an organisation.

Has the BIMSTEC really failed to achieve anything noteworthy? Notwithstanding the negative perceptions, and the fact that it has probably not been able to live up to the high expectations, its record on achievements is not entirely blank. Since inception, it has evolved into a mature regional organisation with its membership expanding from four in the beginning (India, Bangladesh, Sri Lanka and Thailand) to seven at present. The increase in membership has been accompanied by expansion in scope with the organisation's work areas no longer remaining confined to purely technical subjects, but also embracing overarching regional concerns like counter-terrorism and transnational crime.⁷ Most importantly, however, the BIMSTEC has imbibed critical characteristics underpinning its structural evolution as an organisation. These include its establishment of a legal framework and proceeding on institution-building, shaking off the informality and lethargy characterising its early years. The decisions on institutional reform taken by the latest (4th) Summit at Kathmandu in August 2018 to adopt a BIMSTEC Charter in the 5th Summit to be held in Sri Lanka (the date is yet to be confirmed); establishing a BIMSTEC Development Fund for research and planning and financing projects of BIMSTEC centres and entities; and expanding the BIMSTEC Secretariat, by increasing the number of Directors from three to seven are relevant examples of the BIMSTEC's growth as an organisation.⁸ In what might also be described as further evidence of the organisation's growing maturity and regional presence, the BIMSTEC's norm-setting role, manifesting through binding frameworks like the BIMSTEC free trade agreement (FTA) and the memorandum of understanding (MoU) on BIMSTEC grid interconnection, is expected to widen and deepen over time.

The perception of the BIMSTEC failing to deliver much has been, among other factors, attributed to it taking on much more than it can meaningfully accomplish. As of now, there are 14 priority areas for

⁷ BIMSTEC website, https://bimstec.org/?page_id=199. Accessed on 30 May 2019.

⁸ 'Fourth BIMSTEC Summit Declaration, 30-31 August 2018, Kathmandu, Nepal', <https://drive.google.com/file/d/0Bw5iVdDDVNCRTko2ek02Y1F0T3hQemM1NTdjUy1icGZUOGMw/view>. Accessed on 30 May 2019.

the group, distributed among the seven members, each of which is a 'lead country' for one or more priorities.⁹ Streamlining priorities and focusing on them purposefully is a necessity that is not lost among the BIMSTEC. Some members have proposed reducing the current core priorities to a handful such as trade and investment; connectivity; people-to-people contact; counter-terrorism and transnational crime; and science and technology. Connectivity, trade and investment, are expected to remain central to the BIMSTEC's activity in future.

The BIMSTEC's unique cross-regional character, and its strategic geography around the Bay of Bengal, imparts it advantages – such as the rich history of facilitating trade between empires located in South and Southeast Asia – which can position it well for taking the lead in Asian connectivity. The BIMSTEC's current endowment of a large and diverse economic community makes it a forerunner for attracting long-term capital. If the BIMSTEC can indeed deliver fast on some of its key priorities, the rest of Southeast Asia and the Asia-Pacific would be distinctly encouraged in engaging the BIMSTEC for long-term economic gains as well as the access the BIMSTEC provides to the Indian Ocean.

The BIMSTEC's current endowment of a large and diverse economic community makes it a forerunner for attracting long-term capital.

⁹ Ibid.

Connectivity at the Core

Without sufficient connectivity, the promise of a prosperous Bay of Bengal community is likely to remain unfulfilled. The focus on expanding connectivity, as noted by the Kathmandu Summit, emanates from the salience of connectivity in accelerating long-term economic growth and development as well as deeper cooperation and collaboration among the countries in the region. This is identical to the vision that India has lately outlined for the BIMSTEC, as alluded to earlier in this report.

Land Connectivity

It is encouraging to note that the importance of expanding multimodal connectivity is well understood by the BIMSTEC members.

It is encouraging to note that the importance of expanding multimodal connectivity is well understood by the BIMSTEC members. A pertinent example of the consensus behind connectivity is the BIMSTEC Transport Connectivity Master Plan that Leaders at the 4th Summit agreed to accept as a strategic document.¹⁰ The Plan would be designed for fostering cross-border regional linkages by facilitating transport of goods and services, thereby generating new economic activity, and promoting regional development.

The transport connectivity Working Group would work on making the Plan address all aspects of transport infrastructure and connectivity. For effective progress on connectivity, the Master Plan needs to incorporate multiple projects focusing on multimodal transportation and cutting across sectors, such as the ASEAN Master Plan for Connectivity 2025; Ayeyarwaddy-Chao Phraya-Mekong Economic Cooperation Strategy;¹¹ Trans Asian Railways; Optical Fibre Telecommunication project along the India-Myanmar-Thailand (IMT) Trilateral Highway; and the BIMSTEC Coastal Shipping Agreement.

Two distinct areas of progress are cause for optimism on land transport connectivity. The first of these is the BIMSTEC Motor

¹⁰ Ibid.

¹¹ Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy is an economic cooperation framework between Cambodia, Lao, Myanmar, Thailand and Vietnam, working since 2003. See <http://www.mfa.go.th/acmecs/> for more details.

Vehicle Agreement (MVA). Enforcement of the MVA is expected to significantly boost passenger and cargo traffic among the BIMSTEC member countries. The MVA follows the deliberations at the BIMSTEC Leaders' meeting in Goa, India, in 2016 and the discussions in the context of implementation of the recommendations of the BIMSTEC Transport Infrastructure and Logistics Study (BTILS). The BTILS, first conducted by the Asian Development Bank in 2007, and later upgraded in 2014, has identified several projects for upgrading connectivity in the Bay of Bengal region.¹² The MVA for the BIMSTEC is likely to have the BBIN motor vehicles agreement as its working template, as the BBIN pact is already signed and is being implemented by the ratifying members.¹³

The achievements in transport connectivity by BBIN is the second distinct area of progress that is a heartening development for the BIMSTEC. Apart from providing a major breakthrough in land transport connectivity in South Asia, the BBIN transport agreement is a successful example of sub-regional connectivity and a natural choice for the BIMSTEC as all BBIN countries are members of the BIMSTEC too.

The BBIN's success in expanding connectivity and the imperative of integrating bordering areas and regions of India, Bangladesh, Myanmar, Nepal, and Bhutan is gathering significant attention from BIMSTEC policymakers. In this regard, other ongoing connectivity projects like the Bangladesh-China-India-Myanmar and the IMT Trilateral Highway project connecting the north eastern states of India and Myanmar (Figure 3) have received high attention.

The completion of these projects would generate substantive benefits for the BIMSTEC as would that of the Kaladan Multimodal Project. The Kaladan project will connect India's north eastern state of Mizoram with the Sittwe port in the Rakhine state of Myanmar. Work on the

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¹² BIMSTEC website, https://bimstec.org/?page_id=270. Accessed on 30 May 2019.

¹³ Bhutan has signed the agreement but is yet to ratify it. The other countries, though, are going ahead.

final pending segments of the project has begun.¹⁴ The project might be a game changer in the connectivity landscape of the BIMSTEC. Indeed, while Kaladan would heavily facilitate trade between India, Bangladesh and Southeast Asia, the ‘last mile’ priorities for the project should include measures to ensure effective distribution of transported goods within Southeast Asia using the existing road network and upcoming economic corridors.

Figure 3: India-Myanmar-Thailand Trilateral Highway



Source: Created with mapchart.net by Silvia Tieri

The BIMSTEC members are currently discussing the conclusion of a Coastal Shipping Agreement modelled on a similar agreement signed by India and Bangladesh in June 2015.

Water Connectivity

Apart from land-based rail and road links, connectivity among the BIMSTEC members stands to flourish significantly from closer connections through water transport. The agreement on coastal shipping is an important step in this regard. The BIMSTEC members are currently discussing the conclusion of a Coastal Shipping Agreement modelled on a similar agreement signed by India and Bangladesh in June 2015.¹⁵ The agreement applies to coastal shipping, that is,

¹⁴ 'India starts construction of ₹1,600-cr Mizoram-Myanmar Kaladan road', *Business Line* (17 April 2018), <https://www.thehindubusinessline.com/news/india-starts-construction-of-1600-cr-mizoram-myanmar-kaladan-road/article23577107.ece>. Accessed on 30 May 2019.

¹⁵ 'Agreement on coastal shipping between the Government of the Republic of India and the Government of the People's Republic of Bangladesh', *Ministry of External Affairs, Government of India* (6 June 2015), <https://www.mea.gov.in/Portal/LegalTreatiesDoc/BG15B2420.pdf>. Accessed on 21 August 2019.

coastal ports within the territories of the contracting parties. The BIMSTEC agreement would specifically pertain to shipping within 20 nautical miles of the coastlines of members, which involve regulations different from deep-water shipping.

Coastal shipping is a cost-effective method of promoting maritime cross-border trade as it requires smaller vessels with lesser draft and thus involves lower costs. India is the lead country in the BIMSTEC for cooperation in transport and communication and finalisation of the BIMSTEC Coastal Shipping Agreement.¹⁶

In another example of expanding connectivity by taking advantage of ongoing infrastructure development initiatives, the upcoming Dawei project in Myanmar can be particularly useful. The construction of a deep-water seaport in Dawei is to be accompanied with the development of an industrial zone, which is expected to be one of the largest special economic zones in Asia.¹⁷ Located adjacent to the Andaman Sea and close to the Gulf of Thailand, the port is just over 1,000 kilometres from the Indian city of Chennai and can serve as a major maritime and multimodal linkage for the BIMSTEC and between South and Southeast Asia. Progress on the project has been somewhat tardy due to the inability of Thailand and Myanmar to attract private investments. Hopes of reviving the project have been sparked following Japanese investment interest.¹⁸ Development of the Dawei port can help in the much greater integration of Thailand with the South Asian region through the Bay of Bengal, since all other major Thai seaports are located on the country's east coast, necessitating cargo to travel all the way down to the Straits of Malacca.

The construction of a deep-water seaport in Dawei is to be accompanied with the development of an industrial zone, which is expected to be one of the largest special economic zones in Asia.

Air Connectivity

While cargo movements, particularly smaller cargo, need to move mostly through maritime transport, air transport is a feasible option

16 'BIMSTEC Member States discuss draft text of Coastal Shipping Agreement', *Press Information Bureau, Government of India, Ministry of Shipping* (1 December 2017).

17 Dawei Special Economic Zone; See: <http://www.thaiembassy.org/yanon/contents/files/business-20180228-125915-557089.pdf>

18 'Dawei SEZ stands better chance with Japanese participation, officials say', *Myanmar Times* (21 August 2019) <https://www.mmtimes.com/news/dawei-sez-stands-better-chance-japanese-participation-officials-say.html>. Accessed on 21 August 2019.

Both from the perspectives of people-to-people and economic connectivity, air linkages between BIMSTEC members assume great significance.

for movement of high-value products and passengers. Both from the perspectives of people-to-people and economic connectivity, air linkages between the BIMSTEC members assume great significance. India and Thailand are the two major aviation nodes in this regard for seamless air connectivity with the rest of the BIMSTEC members.

The spillover benefits of air connectivity can greatly enhance if individual BIMSTEC members work on improving internal domestic civil aviation infrastructures for increasing backward linkages of their major airports with the rest of their domestic regions through better rail and road transports.

Air connectivity, backed by good internal road networks, is also essential for improving the connectivity of landlocked members of the BIMSTEC with the rest of the grouping. Improving connectivity of landlocked countries like Nepal and Bhutan is a core priority for the BIMSTEC, in terms of them getting access to the closest seaports, such as Mongla and Chittagong, in Bangladesh, and Kolkata, in India. There are, of course, major political and administrative challenges and hurdles to be overcome in this regard. For example, the Nepal-Bangladesh connectivity corridor¹⁹ was an idea proposed several years ago with the aim of providing Nepal access to alternative seaports in Bangladesh. It could not, however, mature into a full-fledged project due to regional security concerns and the lack of supportive back-end infrastructure low interest from the private sector, largely due to unfamiliarity with the proposed route.

Digital Connectivity

The BIMSTEC has included a provision of digital connectivity for the people of its member states among its goals. The specific objective in this regard is to “...provide greater access, more affordable and high-speed internet and mobile communications to the peoples of the region”.²⁰ The impact of digitalising major segments of local economies of the BIMSTEC members can produce substantial benefits, as is

19 Sajina Rai, ‘Nepal- Bangladesh Connectivity: Rail, Road, Air’, *AIDIA Asia* (10 February 2017), <http://www.aidiaasia.org/research-article/nepal-bangladesh-connectivity-rail-road-air>. Accessed on 21 August 2019.

20 Ibid, p. 5.

visible from the benefits obtained by several of the BIMSTEC members through greater application of infocomm technology services.

From a greater BIMSTEC perspective, and especially for landlocked BIMSTEC members, digital connectivity can, to a large extent, substitute for the lack of traditional connectivity. However, till now, the progress by the BIMSTEC in expanding digital connectivity has been noticeably limited.

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Trade, Trade Facilitation and Tourism

The expansion of connectivity capacities is expected to significantly improve the prospects of regional trade. The BIMSTEC had taken early steps in this regard in moving to a framework for a regional FTA in 2004. The Framework Agreement commits the members to negotiate a FTA focusing on trade in goods, services, and investments. An agreement on the trade in goods and other provisions relating to Rules of Origin, Operational Certification Procedures and agreement on Customs Cooperation was finalised in Jun 2009. Since then, however, progress has been noticeably slow, notwithstanding multiple meetings of the trade negotiating committee. The Kathmandu Summit emphasised the conclusion of various agreements related to the FTA²¹ and it is expected that major agreements, like those on trade in goods, and on customs cooperation, will be finalised soon.

An FTA among the BIMSTEC countries can expand intra-regional trade by deepening cross-border production links among members and generating new value chains, particularly if it can rationalise various non-tariff measures.

An FTA among the BIMSTEC countries can expand intra-regional trade by deepening cross-border production links among members and generating new value chains,²² particularly if it can rationalise various non-tariff measures.²³ The role of trade facilitation is significant in this regard. Indeed, advances in connectivity would fail to deliver the expected results on higher economic growth, enhanced trade and investment, more livelihoods and greater people-to-people movements within the region, unless backed by effective trade facilitation. A pertinent example is the urgency of connecting India's north eastern states, through Myanmar and Bangladesh, to the rest of Southeast Asia. Mere road and rail linkages will not deliver expected results on the economic front, unless effective logistics in the form of strong cross-border customs facilities and transit infrastructures are in place.

For some BIMSTEC members, particularly land-locked members like Nepal and Bhutan, tourism presents a great opportunity for economic expansion and is a steady source of generating income and livelihoods.

²¹ Ibid, p. 6.

²² Prabir De, 'Big ideas to shape BIMSTEC's future', *East Asia Forum* (15 September 2017).

²³ 'BIMSTEC Economic Integration: Opportunities and Challenges', *ASSOCHAM*, (July 2016).

As such, tourism is a priority sector for all BIMSTEC members, given the rich and diverse tourist attractions they possess. It is therefore hardly surprising that tourism is among the priority areas of cooperation for the BIMSTEC. The BIMSTEC Plan of Action for Tourism Development and Promotion was adopted as early as in 2005, followed by the Tourism Ministers Roundtable and Workshop in Kathmandu. Like in the area of the BIMSTEC trade agreements, tourism initiatives too, appear to have suffered from a sluggish pace. This again, is expected to pick up after the direction provided by the last BIMSTEC Summit, which has specifically alluded to the development of the Buddhist Tourist Circuit, Temple Tourist Circuit, ancient cities trail, eco-tourism and medical tourism in the region.²⁴ Much now depends on the outcomes from the BIMSTEC tourism conclave in Nepal in 2020.

Energy Cooperation

The highpoint of the 4th BIMSTEC Summit was the signing of a MoU among the member nations to establish the BIMSTEC Grid Interconnection. The MoU provides a broad framework for the parties to cooperate towards the implementation of grid interconnections for trade in electricity with a view to promoting rational and optimal power transmission in the BIMSTEC region.²⁵ The MoU is expected to provide the institutional framework for facilitating optimal use of regional energy resources for mutual benefit in a non-discriminatory fashion; promote efficient, economic, and secure operation of the power system through the development of regional electricity networks; mobilise fresh investments for creating new capacities, and facilitate power exchange.

Developments within the BIMSTEC region provide encouragement on the long-term prospects of regional energy cooperation. The BBIN is a pertinent example with Bangladesh currently importing substantive electricity from India, with projections of such imports

The MoU provides a broad framework for the parties to cooperate towards the implementation of grid interconnections for trade in electricity with a view to promoting rational and optimal power transmission in the BIMSTEC region.

²⁴ Ibid, p. 9.

²⁵ Press Information Bureau, 'Cabinet approves the Signing and Ratification of MoU for Establishment of the BIMSTEC Grid Interconnection', *PTI* (12 April 2017), <http://pib.nic.in/newsite/PrintRelease.aspx?relid=160976>. Accessed on 5 September 2018.

The BIMSTEC model of sharing electricity from surplus parts of the region to its deficient corners is an ideal framework for expanding regional connectivity and can inspire the group to proceed on other forms of infrastructure connectivity as well as institutional cooperation.

increasing over time.²⁶ There might be more investments within the BBIN for strengthening the participation and offtake from the grid. Such cooperation can greatly improve the prospects of the BIMSTEC MOU. The latter makes a difference to the improvement in electricity supply in the region given the acute shortage of power that some BIMSTEC members continue to experience. The MOU is also expected to take concrete measures to initiate harmonisation of technical, planning and operational standards for removing barriers to grid interconnections. The BIMSTEC model of sharing electricity from surplus parts of the region to its deficient corners is an ideal framework for expanding regional connectivity and can inspire the group to proceed on other forms of infrastructure connectivity as well as institutional cooperation. This can be effectively extended to the harnessing of renewable energy resources within the region. This will be consistent with the efforts of all BIMSTEC members, as part of the Paris Agreement, to undertake substantive mitigation and adaptation measures. The MOU can expedite the future task of moving towards an exchange mechanism across the region for trading in clean energy.

²⁶ '500MW electricity from India starting June 2018', *Dhaka Tribune* (17 May 2018), <https://www.dhakatribune.com/bangladesh/power-energy/2018/05/17/500mw-to-be-imported-from-india-in-june>. Accessed on 30 May 2019.

Prospects and Pitfalls

The BIMSTEC has the historic opportunity of emerging as a crucial provider of regional stability by establishing a rules-based framework of cross-regional cooperation around the Bay of Bengal. The Bay of Bengal has high strategic importance from a geopolitical perspective, given the access it provides to the Indian Ocean. The access is vital not just for large Asian countries embedded around the Bay of Bengal geography, like China and India, but also for countries further down in the east, including in Southeast Asia, as well as those up in the west, including in Europe. In this respect, the Bay of Bengal is a vital part of the strategic geography and architecture shaping the Indo-Pacific. An inclusive and rules-based dispensation in the Indo-Pacific can draw substantially from such progress recorded by the BIMSTEC.

In order to successfully evolve and establish long-term credibility, the BIMSTEC must focus on substantive ‘buy-in’ from local populations. The BIMSTEC must catch on with the people and regions it covers for popularising its identity. This is also essential for growth of a cohesive regional architecture that would accommodate the requirements of smaller regional members. Apprehensions of potential domination of the Bay of Bengal region by large regional players might constrain the smaller states from participating actively in the BIMSTEC process. The importance of accepted rules and agreements in this regard can hardly be overemphasised.

As the BIMSTEC moves ahead, it would be mindful of the urgency of delivering quick and meaningful outcomes on priorities for the region. A move in this direction has already begun by narrowing down the work agenda to a few core priorities as mentioned earlier. While implementing these priorities though, it is important for the BIMSTEC members to align the organisation’s projects as complementary to those in SAARC and ASEAN.

The BIMSTEC’s progress on transport connectivity is particularly important in this regard. The necessary direction in this respect

In order to successfully evolve and establish long-term credibility, the BIMSTEC must focus on substantive ‘buy-in’ from local populations.

has been provided by the Kathmandu Summit on the Transport Connectivity Master Plan being the group's key framework for aligning, and promoting synergy, with other regional connectivity initiatives such as the ASEAN Master Plan on Connectivity 2025 and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). Connectivity expansion can get a firm boost from fast progress and conclusion of the various transport agreements, including that on coastal shipping. Looking ahead, much of the benefits that the BIMSTEC can obtain can accrue from fast growth in digital connectivity across the region. There are significant advantages in locking on to existing initiatives in this regard, such as the ongoing digital connectivity efforts in the sphere of the IMT Trilateral Highway.

As a grouping aiming to maximise economic benefits from a well-connected Bay of Bengal geography, the BIMSTEC cannot afford to have any specific inclination or disinclination towards any of the ongoing initiatives.

While taking advantage of the multiple connectivity initiatives in the region that could be complementary to its own efforts, the BIMSTEC must avoid the pitfalls of project overlap, as various regional and sub-regional infrastructure projects get simultaneously implemented within, and around it. As a grouping aiming to maximise economic benefits from a well-connected Bay of Bengal geography, the BIMSTEC cannot afford to have any specific inclination or disinclination towards any of the ongoing initiatives. Connectivity development projects promoted by different countries, groups of countries, and institutional stakeholders, simultaneously, will undoubtedly create the scope for synergy among them.

The BIMSTEC should look at capitalising these synergies. In this respect, digital connectivity could well be the track to move ahead on. Ongoing digital connectivity initiatives might be able to be utilised faster for wider use and greater benefits of the region, as opposed to traditional connectivity through land, rail and sea, which, as experience indicates, takes long to progress. In the Kathmandu summit, the BIMSTEC members recognised the potential of the digital economy for higher and sustainable economic growth and committed to exploring specific areas of cooperation. The recognition needs to be matched by a pick-up in momentum.

The importance of trade facilitation in expanding and accelerating the benefits of connectivity within the BIMSTEC, such as from the motor vehicle and coastal shipping agreements, can hardly be overemphasised. Existing examples can again be useful in this regard, such as the ‘best practices’ implemented in the Greater Mekong Subregion, like in cross-border management, single-stop inspection and common control. Implementation of these practices in the rest of the BIMSTEC region, particularly across land borders of South and Southeast Asia, can energise intra-regional trade and maximise the benefits from connectivity.

Trade facilitation cannot afford to overlook the importance of simpler visa arrangements among the BIMSTEC countries for facilitating speedy movement of people, both for business and leisure. The BIMSTEC members like Thailand and Sri Lanka have taken significant strides in this regard setting examples that others might like to study closely for possible implementation.

The BIMSTEC’s maturing and successful evolution as an organisation committed to the establishment of a rules-based regional framework ensuring “...respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence and mutual benefit”,²⁷ also depends on its ability to handle complex non-traditional security threats. The Bay of Bengal region suffers from many such threats including trafficking of narcotics, weapons, and people; the illegal exploitation of natural resources; refugee flows; rebel insurgencies and terrorist groups.²⁸ In order to counter these, the BIMSTEC needs to deepen its role in encouraging cooperative practices among its member states to address transnational security challenges. The noting of transnational organised crimes, along with terrorism, as a major concern for the BIMSTEC members at the Kathmandu Summit²⁹ is a clear articulation

The Bay of Bengal region suffers from many such threats including trafficking of narcotics, weapons, and people; the illegal exploitation of natural resources; refugee flows; rebel insurgencies and terrorist groups.

²⁷ Ibid.

²⁸ Constantino Xavier, ‘Bridging the Bay of Bengal: Toward a Stronger BIMSTEC’, *Carnegie India* (February 2018), https://carnegieendowment.org/files/CP_325_Xavier_Bay_of_Bengal_INLINE.pdf. Accessed on 30 November 2018.

²⁹ Ibid, p. 6.

of the security threats for the group and needs to be followed up with appropriate consultations and cooperative action.

India's active interest in promoting the BIMSTEC draws attention to the likely possibility of it dominating the grouping's agenda and progress in future. As the biggest member of the bloc, inheriting such a position of prominence is only natural. The inheritance, though, comes with certain misgivings about India's role, particularly in its neighbourhood of South Asia, in terms of whether its size encourages it to 'control', rather than lead. Intra-regional relations stand to benefit from India's constructive role, particularly in the areas of trade and connectivity. As mentioned in the beginning, India's vision of economic cooperation being the bedrock of its 'Neighbourhood First' policy, should help in signaling positive intentions about its role in the BIMSTEC. These intentions might strengthen as a result of the commitments India has made as a development partner in ACMECS and specific segments of the MGC initiative.³⁰

Economic opportunities promoted by regional connectivity and manifesting in greater cross-border trade are expected to be the major drivers of the BIMSTEC as it moves forward.

The BIMSTEC presents exciting opportunities for India, at a time when connectivity – through the traditional forms of land and maritime links, as well as the more modern and exhaustive sphere of digital connections – is driving regional cooperation in Asia. The BIMSTEC is already a hub of cross-regional connectivity initiatives between South and Southeast Asia, some of which such as the IMT Trilateral Highway and the Kaladan multimodal project, involve India. Economic opportunities promoted by regional connectivity and manifesting in greater cross-border trade are expected to be the major drivers of the BIMSTEC as it moves forward.

This is an opportunity that India would be keen on seizing as it looks to expand its economic size to US\$5 trillion (S\$6.9 trillion) in the foreseeable future;³¹ and premises its external strategic outreach on

30 'Joint Ministerial Statement of the 10th Mekong-Ganga Cooperation Ministerial Meeting', Ministry of External Affairs (2 August 2019), <https://www.mea.gov.in/bilateral-documents.htm?dtl%2F31713%2FJoint+Ministerial+Statement+of+the+10th+MekongGanga+Cooperation+Ministerial+Meeting#.XUT40RWeGTY.twitter>. Accessed on 2 August 2019.

31 'India will be US\$5 trillion economy by 2025 : Piyush Goyal', Business Standard (16 July 2019), https://www.business-standard.com/article/news-ani/india-will-be-us-5-trillion-economy-by-2025-piyush-goyal-119071600092_1.html. Accessed on 2 August 2019.

the positive spill over from economic growth, in a mutually reinforcing 'win-win' combination for itself and the neighbourhood. However, it needs to stay firmly committed to its inclusive development agenda for the BIMSTEC in order to avoid notions of it approaching partnership in a transactional fashion.

Appendix 1

About the Partner Organisations

Consortium of South Asian Think-Tanks

The Consortium of South Asian Think-Tanks (COSATT) is a network of some of the prominent think-tanks of the region organising regional conferences and bringing out publications on major themes affecting the region. Supported by the Political Dialogue Asia Programme of the Konrad-Adenauer-Stiftung, COSATT has, in the last one decade, dedicated itself to promoting better understanding among research organizations, academic institutions and think-tanks of South Asia. Some of the COSATT publications are in university curriculums. The Institute of South Asian Studies is a member of the COSATT network.

Konrad-Adenauer-Stiftung

The Konrad-Adenauer-Stiftung (KAS) is a political foundation of the Federal Republic of Germany. Founded in 1964, it was named after the first Chancellor of the Federal Republic of Germany, Konrad Adenauer. KAS offers political and social training activities, conducts research, grants scholarships to students, and supports and encourages international understanding and economic development. In addition to the activities of the local KAS offices in many Asian countries, the regional programme “Political Dialogue Asia” organises and sponsors international conferences and seminars. Its numerous events and diverse projects focus on political and social development, political parties and civil society, social market economy, regional security, international cooperation and Asia-Europe relations.

Appendix 2

List of Participants

Panellists

Ambassador Biren Nanda
Senior Fellow
Delhi Policy Group

Mr Kamal Thapa
Former Deputy Prime Minister and
Former Minister of Foreign Affairs
Nepal

Mr Asanga Abeyagoonasekera
Director General
Institute of National Security Studies
Sri Lanka

Mr Faiz Sobhan
Senior Research Director
Bangladesh Enterprise Institute
Bangladesh

Professor Nu Nu Lwin
Department of Management Studies
Yangon University of Economics
Myanmar

Dr Sathaporn Opananon
Associate Professor
Department of International Business,
Logistics and Transport
Faculty of Commerce and Accountancy
Thammasat University
Thailand

Other Speakers and Chairs

Ambassador M Shahidul Islam
Secretary General
BIMSTEC

Ambassador Ong Keng Yong
Executive Deputy Chairman
S Rajaratnam School of International Studies
Nanyang Technological University

Dr Amitendu Palit
Senior Research Fellow and
Research Lead (Trade and Economics)
Institute of South Asian Studies
National University of Singapore

Major General (Retd) A N M Muniruzzaman
President
Bangladesh Institute of Peace and
Security Studies

Major General A K M Abdur Rahman
Director General
Bangladesh Institute of International and
Strategic Studies

Dr Nishchal N Pandey
Director
Centre for South Asian Studies, Nepal
and Convenor
Consortium of South Asian Think-Tanks

Mr Christian Echle
Director
Regional Programme Political Dialogue Asia
Konrad Adenauer Stiftung

Appendix 3

About the Authors

Dr Amitendu Palit is Senior Research Fellow and Research Lead (Trade and Economic Policy) at the Institute of South Asian Studies (ISAS) at the National University of Singapore. He is an economist specialised in international trade policies, regional economic developments, comparative economic studies and political economy of public policies. He worked with the Government of India for several years with his longest span being in the Department of Economic Affairs in the Ministry of Finance, India. Prior to joining ISAS in April 2008, he was with the Indian Council for Research on International Economic Relations, a leading economic policy research institute and think-tank in Delhi.

Dr Palit's current research focuses on economic and political implications of India's integration with the Asia-Pacific region, impact of mega-regional trade agreements, and various determinants of external trade and integration policies of China and India.

His books include *The Trans Pacific Partnership, China and India: Economic and Political Implications* (2014; Routledge UK); *China India Economics: Challenges, Competition and Collaboration* (2011; Routledge); and *Special Economic Zones in India: Myths and Realities* (2008; Anthem Press; co-authored). He has also edited several books and published in peer-reviewed academic journals. He is a columnist for India's well known Financial Daily, Financial Express and a regular contributor for the China Daily.

Dr Palit appears regularly as an expert on the BBC, Bloomberg, Channel News Asia, CNBC, Australian Broadcasting Corporation, Doordarshan (India) and All-India Radio.

Ms Silvia Tieri graduated with Master in South Asian Studies from National University of Singapore (NUS). She also holds a Master's degree in International Studies and a Bachelor in Political Sciences and International Relations from the University of Pisa, Italy.

Prior to joining NUS, Silvia served as an intern at the Italian Mission to the United Nations in New York. Her research interests includes international relations and development, with particular reference to the emergence of India as a world power and a foreign aid donor.

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